



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Wednesday, April 29, 2009 -- 1:30 p.m.
1001 I Street, Training Room 1, West, 1st Floor,
Sacramento, California 95814

Chairman Dale Bonner called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:40 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Dale Bonner, Secretary of the Business, Transportation and Housing Agency.

Tom Sheehy represented the Director of the Department of Finance.

Francisco Lujano represented the State Treasurer.

Fred Aguiar, Secretary of the State and Consumers Services Agency.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Diane Cummings, Molly Arnold and Shelly Renner.

2. Executive Director's Report.

Mr. Hazelroth introduced three new staff members to the I-Bank, Stacy Corcoran, Marketing and Legislative Analyst, Jamie Fuentes, Office Technician and Anthony Hipolito, Accounting Administrator II, Supervisor.

Mr. Hazelroth then reported to the Board the following:

- The I-Bank has received a compliance questionnaire from the IRS, which seeks information about post-issuance compliance procedures for the I-Bank's governmental bonds. This IRS questionnaire is not an audit, but a compliance check. I-Bank staff has begun compiling responses to the questionnaire, and will be using one of the I-Bank's Special Counsel contracts to obtain tax counsel assistance. The response is due June 22, 2009. An update will be provided at the next Board meeting.
- COPIA update—An update on the bankruptcy reorganization proceeding for conduit bond borrower COPIA: The American Center for Wine, Food and the Arts (COPIA):
 - At the April 1 meeting, it was reported that the bankruptcy court was scheduled to consider COPIA's most recently proposed plan of reorganization on April 10. That plan proposes an agreement between COPIA and COPIA Claims, LLC, which would permit Copia Claims LLC to bring a "fraudulent transfer claim" against the I-Bank.
 - Bond Trustee Bank of New York Mellon (BNY) and Bond Insurer ACA objected to this proposed plan and the plan was continued and will be heard on May 1st.
 - In addition BNY and ACA have asked the court to terminate COPIA's exclusive right to propose plans of reorganization and to open up the right to propose reorganization plans to others, including themselves. The court will consider this motion on May 15.
 - Counsel to ACA and BNY has advised the I-Bank that ACA and BNY intend to file a competing plan of reorganization that would not affect the defeasance of the 1999 bonds or the validity of the 1999 escrow.

- The I-Bank has sought counsel on this matter from the Attorney General and, if COPIA's proposed plan (which would permit litigation against the I-Bank) is approved at the May 1 hearing, the I-Bank will schedule a closed session for the next meeting to discuss the threatened litigation with I-Bank Counsel and the Attorney General's Office.
- The I-Bank's investment policy requires an annual review by staff with any proposed amendments approved by the Board. Staff is currently undergoing a thorough review and will bring a revised investment policy for your consideration in the near future.

Consent Items:

3. Approve minutes from the meeting held on April 1, 2009.

Chairman Bonner called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve this item. Mr. Aguiar moved to approve the minutes and Mr. Sheehy seconded the motion. The minutes were unanimously approved.

Action Items:

4. A resolution approving Infrastructure State Revolving Fund Program financing for the City of Davis in an amount not to exceed \$10,000,000 to finance a public development facility located in Yolo County known as the East Area Water Storage Tank Capital Improvement Project (CIP8172).

Ms. Cummings presented a staff report describing the project which will include the construction of a 4 million gallon water storage tank, a pump station, and associated piping. Ms. Cummings stated that the project is consistent with the City's General Plan and will, in part, support new retail development and generate an estimated 173 jobs before year-end. Ms. Cummings concluded by introducing Jacques DeBra, City of Davis Utilities Director.

Ms. Cummings confirmed for Mr. Bonner that staff independently reviews documents submitted by applicants to determine if the project and the applicant meet eligibility requirements. Chairman Bonner called for additional questions or comments from the Board or the public. Hearing none, he entertained a motion to approve amended Resolution 09-15. Mr. Aguiar moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

5. A resolution approving the acquisition of certain additional real property for the purpose of securing, and the release of a portion certain real property currently securing an existing \$20,000,000 Infrastructure State Revolving Fund Program financing for a public development facility in the City of Santa Ana known as the Orange County High School for the Arts, a charter school; grants of easements on the property including those to facilitate the development of nearby property by a commercial enterprise; and certain deeds, agreements and amendments to existing financing agreements to accomplish these purposes.

Ms. Renner provided the Board with the background of the existing financing to the Orange County High School of the Arts (Charter School) under a long term sale-leaseback agreement. Ms. Renner described an on-going financing obligation of the Charter School to transfer additional property to the I-Bank for parking purposes, fully securing the I-Bank's loan to the Charter School. Ms. Renner noted that the Charter School is now in a position to satisfy the outstanding obligation, and has also requested the I-Bank execute certain easements and release property in furtherance of a proposed 37-story office building and an 8-story parking garage development to be constructed directly behind the School.

Ms. Renner further explained that the office project is expected to provide economic development benefits both to the downtown Santa Ana area and the Charter School property, including the installation of new utilities for the Charter School property. Ms. Renner described four agreements the I-Bank is requested to execute and how the actions will affect the Charter School property. Ms. Renner concluded her report by recommending the approval of Resolution 09-16 and introduced Dr. Ralph Opacic, Executive Director and President of the Orange County High School for the Arts, and Steve Wagner, Vice President, Business and Operations.

Responding to questions from the Board, Ms. Renner explained that the structure of the financing as a sale-leaseback is not a typical financing structure for the Infrastructure State Revolving Fund Program, and that the sale-leaseback financing structure was selected to obtain additional security for the I-Bank due to certain credit issues related to the borrower being a new charter school.

Chairman Bonner called for additional questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution 09-16. Mr. Sheehy moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

6. A resolution appointing a firm to provide auditing services to the I-Bank and authorizing a multi-year contract between the I-Bank and the appointed firm.

Ms. Cristia-Plant informed the Board that, the I-Bank is required to prepare and disseminate annual audited financial statements pursuant to the requirement of bonds issued to leverage the Infrastructure State Revolving Fund Program, and that the contract with the current auditor has expired. She explained that a Request for Qualifications for auditing services was sent to 41 firms and also posted to the State's Contracts Register, that three responses were received and evaluated, and that staff is recommending the appointment of the firm Macias, Gini and O'Connell, LLP under a multi-year contract.

Chairman Bonner called for questions or comments from the Board or the public. Hearing none, he entertained a motion to approve this item. Mr. Aguiar moved to approve resolution 09-17 and Mr. Sheehy seconded the motion. The Board unanimously approved the resolution.

Other Non-Action Business.

Chairman Bonner called for any other business; there was none.

Minutes
I-Bank Board Meeting
4/29/2009

Public Comment.

Chairman Bonner called for any public comment; there was none.

Adjournment.

Chairman Bonner declared the meeting adjourned at approximately 2: 10 p.m.